

CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT

OF 1963

EXPLANATION AND JUSTIFICATION

PART A. PURPOSE OF PROPOSED BILL

The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding in its main features to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. Agency requirements demand that this group of careerists be composed of younger and more vigorous officers than are generally required in Government service. Consequently, the voluntary early retirement features of this bill will serve this end. Since the Agency is unable in fact to provide full-term careers for many individual officers, it is necessary to minimize the adverse effects of the required programs of managed attrition and to preserve its ability to recruit and retain the high-caliber personnel it needs. Therefore, the Agency must make reasonable provision for the futures of those individuals who must be separated before completing a full-term career of thirty or so years. Accordingly, the proposed bill establishes for a limited number of Agency employees a retirement and disability system modeled after that established for persons serving in the Foreign Service of the Department of State.

PART B. PROPOSED RETIREMENT SYSTEM

1. Need for a Separate Retirement System for Certain Employees

a. Summary

All regular employees of the Central Intelligence Agency are at present covered by the provisions of the Civil Service Retirement Act. Such coverage is appropriate for those whose conditions, obligations, and terms of service are comparable to those of federal employees generally. However, the Agency has a serious problem in its need to make more adequate provision for certain of its employees who should be retired at an earlier age and with a more equitable annuity than can be provided under the Civil Service Retirement Act. This need stems from the fact that the Agency cannot provide to or expect from many individuals in its service a full-term career of thirty or so years.

b. Background

(1) The nature of the Agency's mission requires people who are highly motivated and who develop unique and specialized abilities through their continuing training and service over the years. A substantial proportion of Agency personnel accept, as do members of the military service, the obligation to serve anywhere in the world at the Agency's direction -- not at their own will -- and to be available for duty on a 24-hour-a-day basis. Further, the stresses and strains of uneven and uncertain hours of

work, of duty in unhealthful locations, and of arduous assignments require people who have a high degree of vigor, vitality, endurance, resilience, and adaptability.

(2) There are other factors pertaining to the individuals themselves which, over the years, limit their ability and desire to continue in overseas service.

(a) Our experience has shown that many officers or members of their families will in time incur physical impediments which limit or preclude their further assignment overseas. The extreme climates and inferior medical facilities of many foreign areas make living abroad less healthful than in the United States. Also, Americans, because of the advances of sanitation and public health in this country, have failed to develop the natural immunities which most foreigners develop. Consequently, Americans are more susceptible than local inhabitants to the diseases of an area.

(b) The wear and tear of repeated illness saps an individual's strength and resilience and affects his longevity. Moreover, ills which an employee encounters in one place often attach themselves permanently as chronic and sometimes disabling conditions. This contributes to the need for the earlier retirement provisions now proposed.

(c) Finally, there is "motivational exhaustion." This term is used to describe a gradual lessening of interest and enthusiasm of an officer as a result of impingements on his personal and family life. These stem from the transient nature of his assignments, the complications and restrictions of security requirements, and intrusions on his family life.

(3) The dynamic nature of intelligence work produces sudden and sometimes radical shifts in the types of personnel required and in their deployment. For example, the Agency's responsibility for covert cold war functions requires that much of its effort be directed to troubled areas, wherever they may be. Civil troubles often bring about a retrenchment of activity on the part of other U.S. Government agencies, but a reorientation and intensification of that of the Agency. Completion of a mission of a temporary nature or a shift in emphasis or direction of operations may result in an excess of officers who are skilled in a relatively narrow field. Their primary qualifications thus become obsolete or unneeded and they become "occupationally surplus."

c. Manpower Control

(1) The Agency finds it increasingly necessary to impose manpower controls to ensure appropriate alignment as to age, qualifications, and other characteristics of its employees engaged in conducting or supporting foreign intelligence activities. Insofar as possible, imbalances should be and are corrected by the reassignment of officers who cannot, or should not, continue in such work to other fields of work in the Agency. However, encouraged and induced attrition is feasible only if it is linked to a system of retirement benefits providing fair annuities to those who have earned early retirement.

(2) The proposed bill would provide these individuals with a more equitable annuity, beginning immediately upon their separation. This would place them in a better position to accept less demanding and probably lower-paid employment. It is often difficult for an Agency employee to obtain other employment. The special skills required for intelligence work, developed over the years by training and experience within the Agency, are not directly applicable to other fields. This situation is aggravated by security considerations which do not allow an Agency employee to describe to a prospective employer the substance of his Agency duties and responsibilities. There is also a reluctance on the part of other employers, both Governmental and private, who are engaged in business overseas to hire a former intelligence officer. This attitude reflects their concern that the attitude of foreign officials toward their enterprises might be adversely affected if they were known to employ former intelligence officers.

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(3) During the past year, the Agency has separated some [REDACTED] individuals as surplus to its needs because of the several factors described above. These people had given years of competent and faithful service to the Agency and to the Government. The process of terminating their employment was made the more painful because of the relatively inadequate assistance which the Agency could offer them in making occupational transfers or in retiring prematurely.

2. Proposed Retirement System

a. In order to minimize the adverse effects of such programs on the Agency's ability to recruit and retain the caliber of personnel needed, and particularly to minimize their effects on the dedicated personnel already in the service of the Agency, better provision must be made for the futures of those individuals who are separated before completing a full-term career. An important means for doing so is to establish a retirement system permitting earlier retirement with a more nearly adequate and equitable annuity than is possible under the Civil Service retirement system.

b. Careful study has been devoted to this matter. Recognizing the difficulties in developing an entirely new retirement system, the Agency examined existing systems. It was determined that the basic features of the Foreign Service system fulfill Agency requirements and are appropriate for those Agency employees whose careers involve conditions of service comparable to those of Foreign Service personnel. Further, by adopting a system based on that of the Foreign Service, the Agency can take advantage of the considerable study and experience which have gone into its development.

c. Appendix I compares the pertinent provisions of the proposed Agency retirement system and the Foreign Service and the Civil Service retirement systems. In format, this chart is similar to one appearing in the Report of the House Committee on Foreign Affairs in the second session of the 86th Congress. It was prepared at that time in connection with proposed amendments to the Foreign Service Act of 1946, as amended, relating to the retirement system, which proposals were subsequently enacted into law.

d. All of the Agency's employees do not serve under conditions warranting other than the normal retirement considerations. Consequently, the Agency does not intend to place all of its personnel under the proposed new system. Those who are to be designated for coverage will undergo a rigid selection process, the essential criteria for coverage being as follows:

(1) Career employees whose duties and responsibilities are predominantly concerned with the conduct and support of intelligence activities in foreign countries.

(2) Career employees whose duties are so specialized that they are placed at an unusual disadvantage when required to seek other employment.

e. It is estimated that a maximum of only 30% of our total employees will qualify for coverage under the proposed system; civil service retirement will remain the retirement system for all other employees. During the past year, the average age of Agency personnel who retired under the Civil Service retirement system was 66. We plan in time to lower the average retirement age of those covered under the proposed system to about 55 years, which is comparable to the average retirement age in the Foreign Service.

f. The specific provisions of the proposed retirement system and explanatory notes are contained in Appendix II, Sectional Analysis and Explanation.

3. Cost Estimates

a. There will be certain increased costs for the administration of the retirement system. For reasons of efficiency and security, it is considered essential that full administration of the program be accomplished within the Agency. It is estimated that this cost would approximate \$85,000 per year by the end of the first five years.

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